United States Bankruptcy Court <u>SOUTHERN DISTRI</u> 61288, Houston TX 77208 (Houston Divi	CT OF TEXAS P.O.Box ision)	 A control of the contro
Name of Debtors	Case Number	
X_Stage Stores, Inc., a Delaware corporation Specialty Retailers, Inc., a Texas corporation Specialty Retailers, Inc. (NV), a Nevada corporation	00-35078-H2-11 00-35079-H2-11 00-35080-H2-11	788-64302 Creditor ID#:
*place an "x" beside the name of the Debtor you are filing a claim against		United e
Name of Creditor (The person or other entity to whom the debtor owes noney or property):	Check box if you are aware that anyone else a filed a proof of claim relating to your claim.	United States District Count Southern District of Texas AUG 1 6 2000
Warren Realty C/O Hnb Trust Attn J Warren & S Brown	Attach copy of statement giving particulars.	Michael At
Name and address where notices should be sent: ***********************************	Check box if you have never received any notices from the bankruptcy court in this case	Michael N. Milby, Clerk
PO Box 1047 Arkansas City KS 67005-1047	Check box if the address differs from the address on the envelope sent to you by the court.	
Account or other number by which creditor identifies debtor:	Check here replaces	iously filed claim, dated:
 1. Basis for Claim Goods sold Services performed Money loaned Personal injury/wrongful death Taxes X Other Roof repair expenses to be paid by Debtor pursuant to real estate lease 	Retiree benefits as defined in 11 L Wages, salaries, and compensation Your SS#: Unpaid compensation for services fromto (date)	n (Fill out below)
	3. If court judgment, date ob	otalned: N/A
4. Total Amount of Claim at Time Case Filed: \$ 14,56().94 If all or part of your claim is secured or entitled to priority, also complet — Check this box if claim includes interest or other charges in additional charges. additional charges.	e Item 5 or 6 below.	Attach itemized statement of all Interest or
 5. Secured Claim. Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: Real Estate Motor Vehicle Other All personal and intangible property of Debtor's Estate Value of Collateral: \$ 	the bankruptcy petition or cessation of t U.S.C. § 507(a)(3) Contributions to an employee benefit pl	unsecured priority claim 1: 1: 254,300),* eamed within 90 days before filing of the debtor's business, whichever is earlier - 11
Amount of arrearage and other charges <u>at time case filed</u> included in secured claim, if any \$	personal, family, or household use - 11 Alimony, maintenance, or support owed 507(a)(7). Taxes or penalties owed to government Other - Specify applicable paragraph or	U.S.C. § 507(a)(6). I to a spouse, former spouse, or child - 11 U.S.C. § tal units - 11 U.S.C. § 507(a)(8). If 11 U.S.C. § 507(a). 198 and every 3 years thereafter with respect to
The amount of all payments on this claim has been credited and de the purpose of making this proof of claim. Supporting Documents: Attach copies of supporting documents, such notes, purchase orders, invoices, itemized statements of running accounts, controurt judgments, mortgages, security agreements, and evidence of perfection of DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary. Date-Stamped Copy: To receive an acknowledgment of the filing of you enclose a stamped, self-addressed envelope and copy of this proof of claim. Sign and print the name and title, if any, of the creditor or other pattach copy of gower of attorney, if any):	as promissory racts, filen. ur claim,	This Space Is for Court Use Only

RETAIL BUILDING

LEASE

by and between

C.R. ANTHONY COMPANY,

as Lessee,

and

WARREN REALTY, INC., A Kansas Corporation,

as Lessor

Re: Arkansas City, Kansas

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RMJ02688

RETAIL BUILDING LEASE

THIS LEASE, entered into this \(\frac{\frac{5T}}{\text{--}} \) day of March, 1988, by and between WARREN REALTY, INC., a Kansas corporation of 51 Stoneridge, Ponca City, Oklahoma, hereinafter referred to as "Lessor", and C. R. ANTHONY COMPANY, an Oklahoma corporation, hereinafter referred to as "Lessee";

WITNESSETH:

1. DEFINITIONS.

- 1.1 <u>Leased Building</u>. The certain 13,200 square foot retail store building (plus 13,200 square basement) located on the Real Property and described on the site plan attached hereto as Exhibit "A".
- 1.2 Real Property. The certain Real Property more particularly described on Exhibit "B" attached hereto.
- 1.3 <u>Leased Premises</u>. The Leased Building, the Real Property and all appurtenances thereto.
- 2. <u>PREMISES</u>. In consideration of the covenants and agreements hereinafter set forth, Lessor does hereby lease, demise and let unto Lessee the Leased Premises, together with the all rights, easements, entrances, approaches and exits appurtenant to the Leased Premises.
- 3. TERM. The term of this Lease shall run and extend for five (5) years from and after its date of commencement, unless sooner terminated as herein provided or unless extended or renewed upon the terms hereinafter stated.
 - 3.1 Commencement Date. The term of this Lease shall commence on May 1, 1988.
 - 3.2 <u>Possession</u>. Lessee shall be permitted to enter the Leased Premises on March 1, 1988 for the purpose of remodeling the interior of the Leased Building and creating a customer entrance at the rear of the Leased Building in a manner deemed appropriate by Lessee, which work shall be performed by Lessee or its contractors at Lessee's expense.

- 3.3 Renewal of Lease. This Lease shall be extended automatically for the same rental and under the same terms, conditions and covenants herein contained for two (2) additional terms of five (5) years each, each extended term to begin at the expiration of the preceding term, unless at least three (3) months prior to the expiration of the then current term, Lessee shall notify Lessor that the Lease will terminate at the end of such current term.
- 4. RENTAL. Lessee agrees to pay Lessor as Rental for the Leased Premises the following:
 - 4.1 Minimum Rental. A Minimum Rental for the Leased Premises of Eighteen Thousand Four Hundred Eighty Dollars (\$18,480.00) per Lease Year payable at the rate of One Thousand Five Hundred Forty Dollars (\$1,540.00) per month in advance beginning on the Commencement Date and continuing thereafter on the first day of each calendar month for the term of the Lease. If the Commencement Date is a date other than the first day of a calendar month, Lessee shall pay to Lessor a pro rata portion of the monthly Minimum Rental for such partial month.
 - 4.2 Percentage Rental. A Percentage Rental, which shall be deemed additional rental hereunder, in the sum equal to Two and One-Half Percent (2 1/2%) of the "Net Retail Sales" from transactions made in, on or from the Leased Premises by Lessee during each "Lease Year" in excess of the "Base Net Retail Sales Figure" for the "Lease Year".
 - 4.2.1 Net Retail Sales. The term "Net Retail Sales" shall mean the aggregate amount of the gross and total sales made by Lessee at, from and through its store and business located and conducted upon the Leased Premise. The term Net Retail Sales as used herein shall not include any of the following: (a) credits or refunds to customers for merchandise returned or exchanged, (b) income from goods sold to employees of Lessee, (c) any sales taxes or other taxes imposed or based upon gross receipts of Lessee or on the sales or sales price of merchandise which are collected by Lessee and actually paid by Lessee or are payable by Lessee, (d) returns of merchandise to shippers or manufacturers, (e) balances due on sales made

upon installment or credit, (f) postage and delivery charges, (g) lay-a-way items not paid for and not delivered, (h) the amount of any credit sales deemed uncollectable and written off by Lessee as a loss, (1) the exchange of merchandise between stores of Lessee where such exchanges are made solely for the convenient operation of Lessee's business, (j) sale of Lessee's fixtures after use thereof and (k) catalog sales. No franchise or capital stock tax and no income or similar tax based upon income or profits shall be deductible from gross receipts. Any processing expense incurred by Lessee peculiar to credit card and charge card sales shall be deducted from sales in determining Net Retail Sales.

- 4.2.2 <u>Base Net Retail Sales Figure</u>. The "Base Net Retail Sales Figure" is the following: Seven Hundred Thirty Nine Thousand Two Hundred Dollars (\$739,200).
- 4.2.3 <u>Lease Year</u>. The term Lease Year shall mean the period of twelve (12) consecutive months commencing with the Commencement Date, as hereinabove defined, or any succeeding twelve (12) month period during the term of this Lease.
- 4.2.4 Partial Year. If the Lease terminates on a date other than the last day of a Lease Year, the Percentage Rental for the Lease Year in which the Lease terminates shall be prorated to the date of termination, based on the average Net Retail Sales for the two (2) Lease Years immediately preceding the Lease Year in which the termination occurs.
- 4.3 Payment of Percentage Rental. If Percentage Rental is determined to be due for any preceding Lease Year of this Lease, it shall be payable thirty (30) days after such determination is made. Lessee agrees to furnish to Lessor, as soon as reasonably possible after the end of each Lease Year (and in no event later than ninety (90) days after the end of each Lease Year), a statement prepared and certified by Lessee, showing the amount by months of such Net Retail Sales of Lessee during the preceding Lease Year. Lessee agrees that once each year, Lessor, or its duly appointed accountant, at Lessor's expense, may inspect the books and records of Lessee's store business conducted

in the Leased Premises in order that Lessor may ascertain and verify the amount of Lessee's sales, but Lessor's right to inspect Lessee's records for any Lease Year shall expire one (1) year after the end of such Lease Year.

- 4.4 Rent Adjustment for Taxes. The rent payable by Lessee for each calendar year following its base year (as hereinafter defined) during the term of this Lease shall be increased in accordance with the provisions of this paragraph 4.4.
 - 4.4.1 Definitions. For the purposes of this paragraph, the following definitions shall apply: (i) the term "Base Year" shall mean the third full calendar year subsequent to the Commencement Date of the term of this Lease, and (ii) the term "Real Estate Taxes" shall mean all taxes and assessments levied or imposed upon or against the Real Property. Real Estate Taxes shall not include tax which may be levied upon the income, profits or business of Lessor or any personal property, franchise, inheritance or estate taxes which may be levied against Lessor or any tax of the same nature as any tax heretofore mentioned in this sentence, even though such taxes may be a lien against the Real Property.
 - 4.4.2 Rental Adjustment. In the event that the Real Estate Taxes payable during any calendar year following the Base Year shall exceed the amount of such Real Estate Taxes payable during the Base Year, Lessee shall pay to Lessor as additional rent for such calendar year an amount equal to such excess. Lessor shall certify to Lessee the amount of such increase within 30 days after the due date thereof. Lessee shall pay the excess so certified on or before 30 days from the date of receipt of such notice. Lessor's failure to certify any increase in Real Estate Taxes within 30 days after the due date thereof shall relieve Lessee from liability for such increase and thereafter the amount of such increase shall be added to the Real Estate Taxes payable during the Base Year for purposes of computing Lessee's liability under paragraph 4.4. The Lessee shall have the might to deduct any and all payments made pursuant to this paragraph from Percentage Rental, if any, payable to Lessor.

- 4.4.3 Partial Year. For the calendar year in which this Lease terminates, the provisions of this paragraph shall apply, but Lessee's liability for any tax increase for such year shall be subject to a pro rata adjustment based upon the number of full calendar months of said calendar year during which the Lease is in effect.
- 5. <u>LESSOR'S COVENANTS AND REPRESENTATIONS</u>. In addition to all other covenants and agreements by Lessor found in this Lease, the Lessor hereby specifically covenants and represents as follows:
 - 5.1 Zoning. The Real Property is zoned for the type of business operation contemplated by Lesses.
 - 5.2 Quiet Enjoyment. The Lessor has good and marketable indefeasible fee simple title to the Leased Premises and warrants that there are no encumbrances or liens thereon, except those previously disclosed in writing to the Lessee. Lessor has full authority to execute this Lease and further warrants to the Lessee that it shall have, hold and enjoy the Leased Premises and its rights hereunder during the term hereof. Lessor agrees to deliver to Lessee, within fifteen (15) days after the execution of this Lease, an opinion from Lessor's counsel showing good and merchantable indefeasible fee simple title to the Leased Premises to be in Lessor and stating that this Lease is valid and binding on the Lessor and that this Lease is enforceable by Lessee in accordance with the terms hereof.
 - 5.3 Use of Adjacent Real Property. No portion of any real property owned by Lessor or any affiliate or related party and located within 500 yards of the Real Property (the "Adjacent Real Property") shall be used for any purpose except (a) retail stores selling, at retail, merchandise normally carried in other quality shopping centers, (b) financial institutions, (c) service shops, (d) professional offices and (e) parking area. No bowling alley, theater, billiard parlor, night club, or other place of recreation or amusement, or auto service station shall be erected on the Adjacent Real Property, unless approved in writing by Lessee. In the event of any violation of the terms of this Paragraph 5.3, all rental obligations under this Lease shall be abated during the period of such violation, and Lessee shall not be in default for failure to pay any rental allocated to such period.

- 5.4 <u>Use of Parking and Access Areas</u>. No tenants, owners, occupants or other users of land adjoining the Real Property shall be allowed access to, from or across the Real Property or use of the parking area now or hereafter located on the Real Property, without the prior written consent of Lessee, which consent shall not be granted until reciprocal access and parking agreements have been effected in a manner satisfactory to
- 5.5 <u>Utilities</u>. Lessor, at its own cost, shall furnish, install and maintain adequate utility lines and services to serve the Leased Premises, which utilities shall be separately metered to the Leased Premises. Lessee shall pay for the separately metered utility services which it uses at the Leased Premises.
- make, at Lessor's own cost and expense, all necessary changes, additions, alterations and improvements to the Leased Premises and appurtenances thereto, that may be required at any time during the term hereof to make the Leased Premises comply with all laws, ordinances, rules and regulations of all duly constituted city, county, state or federal authorities; provided, however, Lessee will, at Lessee's own cost and expense, comply with all laws, rules and regulations applicable to the particular nature of Lessee's use of the Leased Building and shall make such alterations of the Leased Building as are necessary due to the particular nature of the use made thereof by Lessee.
- 5.7 Taxes. At all times during the term hereof all ad valorem taxes, real estate taxes and similar taxes, special assessments and any other taxes levied or assessed against the Leased Premises or any part thereof by reason of the ownership of said property shall be paid and discharged by Lessor before becoming delinquent.

within 30 days from the date of this Lease, to furnish Lease a certified survey of the Leased Premises including boundary line measurements confirming the legal exact location of the Leased Building, driveways, easements and striped parking.

- 6. MAINTENANCE RESPONSIBILITY. The Lessor and the Lessee shall have the following responsibilities for maintenance of the Leased Premises provided that any obligation or liability not specifically covered by the terms of this Lease shall be considered an obligation of the Lessor.
 - 6.1 Maintenance by Lessor. Lessor, at its cost and expense, shall keep in repair all of the exterior of the Leased Premises specifically, including, but not limited to, the roof, downspouts, gutters, sidewalks, walls, and plate glass of outside windows and doors; shall be responsible for all interior and exterior repairs of a structural nature or arising out of structural defect, of which plastered surfaces shall be considered a part.
 - 6.2 Maintenance by Lessee. Lessee, at its costs, shall keep the interior of the Leased Premises in repair, including exposed plumbing, heating and air conditioning units, doors and door closers, except for reasonable wear and tear, damage by fire and the elements and unavoidable casualty; provided, that the Lessee shall be entitled to all parts and service guaranties and any warranties in effect on equipment which it is responsible for maintaining under the terms hereof.
 - 6.3 Remodeling at Lessee's Expense. During the term hereof, or any extension thereof, Lessee and its successors and assigns, shall have the right and the privilege to redecorate and remodel the interior of the Leased Premises from time to time as it shall see fit; to erect and install such machinery and equipment, counters, shelving, light fixtures, partitions, fixtures, and signs in, upon and about said Leased Premises as in Lessee's judgment may be necessary or desirable in the conduct of its business and to change the same in its sole discretion.

elects to exercise its option, as herein granted, to lease for any or all additional term or terms beyond the primary term hereof, Lesser agrees that at the beginning of each renewed term Lessee may spend part or all of a sum of money equal to two (2) menths Minimum Rental hereunder for repairs, remodeling and replacement of air conditioning heating and Leased Building ighting fixtures and equipment, ceiling and floor covering materials and repair to the Leased Building. Such

expenditures shall be considered Minimum Rental and Lessee may deduct the same from the Minimum Rental for the first two (2) months of any renewed term hereunder.

- emergency repairs or pay any expenses required to be paid by Lessor up to the sum of Two Thousand and No/100 Dollars (\$2,000.00), provided Lessee has used reasonable effort to contact Lessor or Lessor's representatives by telephone at telephone numbers designated in writing by Lessor and any such payments shall be deducted from the next following Minimum Rental payment or payments.
- 7. ADVERTISING SIGNS. Lessee may erect its standard signs on the Leased Premises in a manner and location satisfactory to Lessee. Lessee shall install its signs at its own expense and may remove them at the termination of this Lease. Any damage to the building as a result of the removal of Lessee's signs shall be repaired at the expense of the Lessee.

furnish Lessee With written evidence that Lessee's standard signs are acceptable by local of city codes or laws. If such evidence is not so furnished at least thirty (30) days prior to commencement of the Lease Term then Lessee, at its option, may cancel this Lease by notifying Lessor prior to commencement of Lease Term hereunder.

- 7.2 No Other Signs on Leased Premises. Lessor shall not erect, nor permit to be erected, any signs on the Leased Premises other than those of Lessee.
- 8. <u>EMINENT DOMAIN CASUALTY LOSS</u>. The Lessor and the Lessee agree as follows:
 - 8.1 Eminent Domain Affecting Leased Premises. In the event any part of the Leased Premises should be taken by any public authority under the power of eminent domain or by transfer in lieu thereof, then the terms of this Lease shall cease on that part on the date of condemnation or transfer in lieu thereof, and the rent shall be paid up to that day, and from that day, the Minimum Rental shall be reduced in proportion to the amount of the store room taken; provided, however, that should fifteen (15) percent or more of the Leased Premises be taken by the power of eminent domain or by transfer in lieu thereof, Lessor shall give Lessee written

notice thereof and Lessee shall have the option, to be exercised within sixty (60) days after receipt of written notice, to cancel this Lease and declare the same null and void effective on the date such option is exercised. If Lessee should not elect to cancel this Lease, Lessor shall, at its sole cost, build on the new building line a wall, or front, similar to the one removed. It is understood and agreed that any and all condemnation awards or payments shall be paid to and retained by Lessor, except that Lessee shall be entitled to any award or payment made for damage to fixtures, equipment and merchandise owned by Lessee (including cost of removal of same), loss of Lessee's business and moving expense.

- 8.2 Eminent Domain Affecting Parking Area. In the event twenty (20) percent or more of the parking area on the Leased Premises should be taken by the power of eminent domain or transfer in lieu thereof, upon notice given to Lessor within ninety (90) days after such taking or transfer in lieu thereof, Lessee shall have the option to cancel this Lease and declare the same null and void effective thirty (30) days after such notice.
- 8.3 Destruction of Leased Building. In the event the Leased Building should be partially destroyed (less than twenty-five (25) percent) as a result of fire or other casualty, regardless of the cause, then Lessor shall, at its sole cost and expense, promptly, and in any event within thirty (30) days, commence to build or place the same in as good condition as prior to such casualty, which rebuilding or replacement shall be completed within six (6) months following such casualty. In the event the Leased Building should be substantially (twenty-five (25) percent or more) destroyed as a result of fire or other casualty, or it should be untenable and unfit for occupancy, then, Lessee may at Lessee's sole option, expressed to Lessor in writing within fifteen (15) days of such occurrence, (i) require the Lessor to promptly, and in any event within thirty (30) days of such notice from Lessee, commence to build or replace the same as aforesaid, which rebuilding and replacement shall be completed within six (6) months following such substantial destruction, or (ii) terminate this Lease, effective on the date of such casualty. Monthly Minimum Rentals shall abate proportionate to use in event of partial or substantial destruction during the term of this Lease. Lessor shall have no interest or claim to

any portion of the proceeds of any insurance carried by Lessee on Lessee's personal property. Lessee shall have no interest in or claim to any portion of the proceeds of any fire and extended insurance policy or policies carried by Lessee for Lessor's benefit as provided in paragraph 9 hereinafter.

8.4 Destruction After 3/4 of the Lease Term. Anything herein contained to the contrary notwithstanding, if any such damage, loss or destruction as described in Paragraph 9.3 shall take place after 3/4 of the primary term or any extended term of this Lease shall have expired, Lessee shall have an option to declare this Lease ended and terminated, and notice of this election shall be given in writing by Lessee to Lessor within fifteen (15) days from the date of such loss or destruction.

9. INSURANCE.

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9.1 Lessor's Insurance. At all times during the term of this Lease, Lessee, at its own cost and expense, shall carry for Lessor's benefit, on the Leased Premises, fire insurance with additional coverage commonly known as Supplemental Contract or Extended Coverage, together with coverage for vandalism and malicious mischief, written by a financially responsible insurer duly authorized to do business in the State of Kansas in an amount sufficient to prevent any coinsurance and in any event not less than eighty percent (80%) of the Full Insurable Value of the leased premises as determined from time to time. The Leased Premises shall have as a minimum insurance limit of liability of \$280,000.00 with bodily injury and property damage liability protection afforded Lessor with a limit of liability of \$1,000,000.00 for each occurrence and \$1,000,000.00 aggregate and with premises medical payments of \$5,000.00 each person and \$25,000.00 each accident.

Lessee is to provide certificate of insurance naming Lessor as an additional insured within 30 days of possession date and is to continuously keep the foregoing insurance coverage in force during the lease term. Lessee is to pay any and all deductibles associated with the maintenance of insurance coverage as aforesaid.

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any portion of the proceeds of any insurance carried by Lessee on Lessee's personal property. Lessee shall have no interest in or claim to any portion of the proceeds of any fire and extended insurance policy or policies carried by Lessor.

8.4 Destruction After 3/4 of the Lease Term. Anything herein contained to the contrary notwithstanding, if any such damage, loss or destruction as described in Paragraph 9.3 shall take place after 3/4 of the primary term or any extended term of this Lease shall have expired, Lessee shall have an option to declare this Lease ended and terminated, and notice of this election shall be given in writing by Lessee to Lessor within fifteen (15) days from the date of such loss of destruction.

9. INSURANCE.

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9.1 Lessor's Insurance. At all times during the term of this Lease, Lessor, at its own cost and expense, shall carry, on the Leased Premises, fire insurance with additional coverage commonly known as Supplemental Contract or Extended Coverage, together with coverage for vandalism and malicious mischief, written by a financially responsible insurer duly authorized to do business in the State of Kansas in an amount sufficient to prevent any coinsurance and in any event not less than eighty percent (80%) of the Full Insurable Value of the Shopping Center as determined from time to time. Building shall have as minimum insurance limits the sum of \$280,000.00 with liability protection afforded Lessor to the extent of \$1,000,000.00 for each occurrance and not less than \$1,000,000.00 in the aggregate. Lessee to provide certificate of insurance naming Lessor as additional insured within 30 days of possession date and continuously keep the foregoing insurance coverage in force during lease term. Lessee to pay any and all deductibles associated with the maintenance of insurance coverage as aforesaid.

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that its insurance policy contains an adequate walver of subregation clause in favor of Lassee.

9.1.1 Full Insurable Value. The term Full Insurable Value shall mean actual replacement cost (exclusive of the cost of excavation, foundations and footings below the basement floor) without deduction for fiscal depreciation.

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the Lessor shall fail, refuse or neglect to obtain such insurance or to maintain the same, and furnish the Lessee with proof of the same upon demand, the Lessee shall have the right to procure such insurance and to deduct the cost thereof from any rental or other sums payable under this Lease, and the amount thereof shall be payable to the Lessee on demand with lawful interest thereon.

- 9.1.3 Notice From Insurance Company. The insurance company will agree that the Lessor and Lessee will be given ten (10) days advance written notice of any cancellation or reduction of insurance under such policy and that copies of all endorsements and notices issued after the date of such policy will be forwarded to the Lessee.
- 9.2 Lessee's Insurance. Lessee, at its own cost and expense, shall carry on its fixtures, equipment, and merchandise in the Leased Premises, fire insurance with additional coverage commonly known as Supplemental Contract or Extended Coverage, together with coverage for vandalism and malicious mischief, written by a financially responsible insurer authorized to do business in the State of Kansas, in an amount not less than eighty percent (80%) of the cost of said items, with merchandise to be valued on a LIFO basis. Lessee shall provide Lessor with satisfactory evidence that its insurance policy contains an adequate waiver of subrogation clause in favor of Lessor.
- 10. ASSIGNMENT, SUBLETTING AND DISCONTINUANCE OF OPERATIONS.
 - 10.1 Assignment and Subletting. Lessee shall have the right to assign this Lease or to sublease the Leased Premises or any part thereof with the consent of Lessor, which consent shall not be unreasonably withheld. In the event of sublease or assignment, the

assignee or sublessee shall be obligated to pay the percentage rent required by Paragraph 4 hereof, but Lessee shall be relieved from any liability; other than to remit to Lessor any percentage rent required by Paragraph 4 and received by Lessee.

- 10.2 Discontinuance of Operations. Lessee shall have the right to discontinue its operations on the Leased Premises without the consent of Lessor. In the event Lessee discontinues its operation on the Leased Premises, no percentage rent will be due from Lessee to Lessor.
- 11. <u>INDEMNITY</u>. Subject to the waiver of subrogation provisions of Paragraphs 9.1 and 9.2, the Lessor and the Lessee shall provide the following indemnification:
 - indemnify and shall hold Lessee harmless against all claims, judgments, and demands of any person or persons whomsoever on account of injuries or accidents occurring in, on or about the Leased Premises, and not caused by the negligence of Lessee, its agents, servants or employees up to \$1,000,000 per occurrence; and Lessor shall carry, at its expense, public liability insurance on the Leased Premises stipulating limits of not less than \$1,000,000 for each occurrence and \$50,000 for property damage with certificate of such insurance to be furnished to the Lessee.
 - 11.2 Lessee's Indemnity. Lessee agrees to indemnify and shall hold Lessor harmless against all claims, judgments and demands of any person or persons whomsoever on account of any injuries or accidents occurring on the Leased Premises as a result of willful or negligent acts or omissions of Lessee, its employees, agents or representatives up to \$1,000,000 per occurrence; and Lessee shall carry public liability insurance on its Leased Premises stipulating limits of not less than \$1,000,000 for each occurrence, and \$50,000 for property damage with certificates of such insurance to be furnished to Lessor.
 - 11.3 Litigation Expense. In case any litigation is commenced by one of the parties hereto against the other, involving this Lease, the party not prevailing shall pay to the prevailing party all costs and attorney's fees and other expenses incurred in enforcing agreements and provisions of this Lease.

12. DEFAULT.

- 12.1 Lessee's Default. In the event Lessee should default in payment of rental, Lessor shall give Lessee written notice of such default by certified mail, and Lessee shall have thirty (30) days from the date of receiving such notice to correct same. Should Lessee fail to correct such default in said thirty (30) day period, Lessor may, in addition to all other rights available to Lessor under the laws of the state in which the Real Property is located, at its option, terminate this Lease. In the event Lessee should fail to comply with any other provision of this Lease, Lessor shall give Lessee written notice of such default by certified mail. Should such default continue to exist at the expiration of sixty (60) days from the date of receipt of such notice, and Lessee is not then engaged in prudent efforts to cure such default, Lessor shall then give Lessee a second written notice by certified mail, and five (5) days from the receipt of such second notice, Lessor may, in addition to all other rights available to Lessor under the laws of the state in which the Real Property is located, at its option, terminate this Lease. Should Lessee correct its default within the time provided or correct such default by action commenced during such time period and prudently pursued thereafter, then Lessee's rights hereunder shall be re-established as though said default had not occurred.
- 12.2 Bona Fide Dispute Re: Percentage Rental. Lessee's failure to pay Percentage Rental, as provided in Paragraph 4.3, shall not be sufficient grounds for cancellation of this Lease by Lessor if such failure be the result of a bona fide dispute as to the amount due and payable.
- 12.3 Lessor's Default. Should Lessor default in fulfillment of any of the covenants or agreements of this Lease and fail to correct such within sixty (60) days from receipt of written notice from Lessee of such default, Lessee, at its option, may (i) correct such default and deduct any and all cost as a result of such correction from rentals due or becoming due until Lessee shall be reimbursed in full for cost of such correction, or (ii) Lessee shall have the right, so long as default shall continue, to terminate this Lease.
- 13. REDELIVERY OF LEASED PREMISES. Lessee shall, at the termination of this Lease or any extension thereof,

peacefully quit, surrender and deliver up to Lessor, its successors or assigns, the Leased Premises in good condition, with the exception of usual wear and tear, fire; the elements, civil riot, war, or other unavoidable casualty, loss or damage, regardless of the cause.

- 14. <u>HOLDING OVER</u>. In the event the Lessee should remain in possession of the Leased Premises after expiration of this Lease, without the execution of a new Lease, Lessee shall be deemed to be occupying the Leased Premises as a tenant from month to month, subject to all of the conditions, provisions and obligations of this Lease insofar as the same are applicable to a month to month tenancy.
- 15. REMOVALS BY LESSEE. Lessee shall have the right at any time prior to or upon termination or expiration of this Lease to remove any and all of its merchandise, machinery, equipment, counters, shelving, light fixtures, signs and other fixtures (regardless of the manner in which any of said items have been attached or fastened to the Leased Premises) which it owns and has placed in, upon and about the Leased Premises, as well as any and all personal property located on said Leased Premises and owned by Leasee at such time. In removing such personal property, Lessee shall not materially injure or damage the Leased Premises and any such material damage resulting shall be repaired at the expense of Lessee: It is understood that a bona fide dispute between Lessor and Lessee as to rental claimed to be due shall not operate to prevent removal of property by Lessee pursuant to this paragraph, but in such event Lessee shall have the right to remove the same as if no rental were then due.
- 16. NOTICES. All notices required or options granted under this Lease shall be given or exercised in writing, and shall be deemed to be properly served if (i) sent by certified mail with return receipt requested or (ii) sent by telegram or (iii) personally delivered to the address hereinafter identified. Except as herein otherwise specifically provided to the contrary, the effective date of such notice or exercise of any option shall be the date which is stamped by the United States Post Office Department on the envelope enclosing same, the date of the telegram or the date on which personal delivery is made. The parties hereto shall not refuse to accept delivery of said notices.
 - 16.1 Addresses. Until changed by written notice from the appropriate party to the other, the addresses of the parties are and shall be:

LESSOR:

Warren Realty, Inc.,

51 Stoneridge

Ponca City, Oklahoma 74604

ATTN: John W. Warren, President

LESSEE:

C.R. ANTHONY COMPANY

P. O. Box 25725

Oklahoma City, Oklahoma 73125

Attn: Secretary

16.2 Rental Payment Address. Until appropriately changed by thirty (30) days written notice to Lessee, rental payments hereunder shall be made to Lessor either by mail or otherwise as follows:

LESSOR:

ClibPDF - www.fastio.com

Warren Realty, Inc.,

51 Stoneridge

Ponca City, Oklahoma 74604

ATTN: John W. Warren, President

In the event the rental payment address is changed in connection with the transfer of beneficial interest in the Leased Premises, Lessee shall not be required to comply with such notice unless the same is accompanied by evidence satisfactory to Lessee of such change of ownership, and any payments made by Lessee prior to receiving such satisfactory evidence shall be deemed properly paid.

- 17. <u>AUTHORITY</u>. Each party hereto affirms and states that it has full right and authority to enter into and perform this Lease Agreement.
- 18. MEMORANDUM OF LEASE. The Lessor agrees that it will not record this Lease, but will at any time, at the request of Lessee, execute a Memorandum of Lease, in the form of Exhibit "C" attached hereto, which will set forth a legal description of the Real Property, the term of the Lease and any other provisions hereof as Lessee may request, and Lessee may, at its option, record such Memorandum of Lease in the real property records of the county in which the Real Property is located.
- 19. <u>SUBORDINATION AND NON-DISTURBANCE</u>. The Lessee agrees that it will, at the request of Lessor, execute a Subordination and Non-Disturbance Agreement in the form of Exhibit "D" attached hereto which will subordinate Lessee's

interest hereunder to the interest of the mortgagee holding a first mortgage lien on the Leased Premises, if the mortgagee requires such a subordination; provided, however, such subordination shall be subject to the non-disturbance provisions contained therein. Within thirty (30) days from the date of complete execution of this Lease, Lessor shall provide to Lessee a fully executed Non-Disturbance Agreement from each existing mortgagee of the Leased Premises which Non-Disturbance Agreement shall be in form of Exhibit "E" attached hereto.

20. MISCELLANEOUS.

- 20.1 Modifications to Lease. Lessor and Lessee agree that no alterations, changes or modifications of this Lease shall be effective unless made in writing and executed in the same manner as is this present instrument and specifically agree that no verbal or oral changes are effective.
- 20.2 <u>Partial Invalidity</u>. Should any clause or provision of this Lease be invalid or void for any reason, such invalid or void clause shall not affect the whole of this instrument, but the balance of the provisions hereof shall remain in full force and effect.
- 20.3 Descriptive Headings. The descriptive headings of the paragraphs of this Lease are for convenience only and shall not be used in the construction of the contents hereof.
- 20.4 <u>Binding Effect</u>. It is covenanted between the parties hereto that all covenants and undertakings in this Lease contained shall extend to and be binding upon the respective successors and assigns of the parties hereto. The covenants and agreements contained herein shall run with the land and continue for the term of this Lease and any extension thereof.
- 20.5 <u>Non-Waiver</u>. Any assents, expressed or implied, by Lessor or Lessee to any breach of any specific covenant or condition herein contained, shall not be construed as an assent or waiver of any such covenant or condition generally, or of any subsequent breach thereof.
- 20.6 <u>Lessee's Use</u>. Lessee may use the leased premises for any lawful purpose.

LANDLORD CONSENT TO ASSIGNMENT AND CHANGE OF OWNERSHIP

This Landlord Consent to Assignment and Change of Ownership (the "Consent") is executed on April 7. 1997, by WARREN REALTY, INC (the "Landlord") and may be relied upon by both C.R. ANTHONY COMPANY (the "Tenant") and Stage Stores. Inc. ("SSI") or its subsidiaries or affiliates ("SSI Entity").

RECITALS:

- A. Landlord owns the real property described in the Lease which expires on or about 4/30/98 by and between Landlord and Tenant covering approximately 13200 square feet of gross leaseable floor area which is located in the shopping center located at 211 S. SUMMITT, ARKANSAS CITY, KS. Said Lease and all renewals, extensions and modifications thereof are hereinafter collectively called the "Lease".
- B. SSI and the Tenant have entered into a definitive agreement to combine the two companies under the common ownership umbrella of SSI (the "Agreement"). However, the transaction contemplated by the Agreement shall only become finalized upon the satisfaction or waiver of certain conditions specified in the Agreement (the "Closing").
- C. Pursuant to the Agreement, SSI or an SSI Entity will be purchasing the Tenant, including the Lease. Accordingly, SSI or an SSI Entity will assume all of the Tenant's obligations and duties under the Lease upon Closing.
- D. In the likely event that the Closing does occur, SSI requires that the Landlord consent in writing to the assignment of the Lease and to the change of ownership from the Tenant to SSI or an SSI Entity.

AGREEMENTS:

In consideration of the premise, the mutual covenants and promises herein contained, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned Landlord agrees that only in the event of the Closing under the Agreement, then:

1. Consent to Assignment and Ownership Change. Landlord hereby approves and consents to the change of ownership, control and/or management of the Tenant from the Tenant to SSI or an SSI Entity. If the Tenant is merged or consolidated into SSI or an SSI Entity or if the Lease is assigned to SSI or an SSI Entity, then Landlord approves and consents to such merger, consolidation or assignment, provided that SSI or an SSI Entity assumes all of the Tenant's duties and obligations under the Lease. Landlord shall look to SSI or the SSI Entity as the tenant under the Lease upon such merger, consolidation, assignment, and/or change of ownership, control and/or management. Any such merger, consolidation, assignment, and/or change of ownership, control and/or management shall not be an event of default under the Lease.

2. <u>Binding Agreement</u>. The consents herein contained shall be binding upon Landlord, and inure to the benefit of SSI, and its respective heirs, subsidiaries, affiliates, legal representatives, successors, successors-in-interest and assigns.

IN TESTIMONY WHEREOF, this instrument is executed effective as of the day and year first above written.

Landlord:

WARREN REALTY, INC

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Name: Jay Warren

Title: <u>Vice-President</u>

Landlord's Address: 110 EAST CENTRAL

ARKANSAS CITY, KS 67005

July 30, 199 Inv. #01-07

CHARLIE JONES CO. RT 4 BOX 109 ARKANSAS CITY, KS. 67005 316-442-5239 FAX 316-442-2831

Mr. Jay Warren P.O. Box 902 Arkansas City, KS 67005

Stage 211 S. Summit Arkansas City, KS

Description

Wind and hail damage roof repair

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\$ 175.00 Temporary roof repairs \$8,970.00 136 roofing squares @ \$65.00 per sq. \$ 539.55 Tax \$9,684.55 Total

> TOTAL \$69,684.55 Please pay this

We Appreciate Your Business

Terms (unless otherwise specified): Not 30 days 11/2% interest (18% Interest) will be charged on all past due accounts.